



Doing Business in Swaziland: 2011 Country

Commercial Guide for U.S. Companies

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Chapter 1: Doing Business In Swaziland

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Market Overview

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Swaziland is a small country (slightly smaller than New Jersey), with a population of 1.1 million. It is bordered by South Africa and Mozambique.

Swaziland's preliminary growth domestic product (GDP) numbers indicate real growth of 1.2 percent in 2009, a slowdown from the 2.4 percent growth observed in 2008. A modest recovery in GDP of 2 percent was projected for 2010. Inflation moderated to 5.4 percent at the end of 2009.

Swaziland is heavily dependent on South Africa, from which it receives more than 80 percent of its imports and to which it sends 60 percent of its exports.

Swaziland's currency is pegged to the South African Rand at par.

Market Challenges

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Swaziland is facing a serious socio-economic situation characterized by sluggish economic performance, food insecurity, poverty, high HIV/AIDS prevalence rate, and growing unemployment.

The real appreciation of the Lilangeni exchange rate against the U.S. dollar and other trading partner' currencies during 2009 reduced the value of exports destined to markets outside the Common Monetary Area.

The fiscal outlook took a dramatic downturn in 2009/10, reflecting a sharp drop in Southern African Customs Union (SACU) receipts coupled with continued growth in total government expenditure. The economy was also affected by the closure of the wood pulp company, Sappi Usuthu, at the end of January 2010.

Implementation of the final phase of the EU sugar sector reforms, coupled with a stronger Lilangeni exchange rate against currencies, notably the Euro and the US Dollar, decreased export earnings in this sector.

Swaziland performs poorly in terms of procedures and time required to do and start a business, as indicated in the World Bank Doing Business Report 2011.

Market Opportunities

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Suppliers of seeds, pesticides, transportation, and storage for these products could find opportunities for new sales.

Franchising opportunities for U.S. business, such as restaurants and retail shops, are plentiful in Swaziland and have been successful in the past.

The Public Procurement Regulations were published in 2008 in terms of the Finance and Audit Act of 1967, whose sole responsibility was to regulate the procurement of goods, works and services of government ministries and departments. U.S. companies could find opportunities to sell to the government.

The Financial Services Regulatory Authority Act was made law in February 2010. The Act will regulate and supervise nonbanking financial service providers including securities. The securities industry is still at its infancy.

The government, in its Fiscal Adjustment Roadmap (FAR) of 2010/11-2014/15, states that it intends to pilot a public-private partnership and privatization program. With this the government hopes to attract foreign capital and deliver services to the people, mainly in construction.

Market Entry Strategy

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The Embassy recommends contacting the Swaziland Investment Promotion Authority (SIPA), which can help to register companies and secure premises.

The Embassy advises potential investors to visit Swaziland prior to establishing a business. Some foreign businesses partner with Tibiyio Taka Ngwane, Swaziland Industrial Development Company (SIDC), and/or SWAKI (Swaziland Kirsh Industries). See Chapter 3, [Joint Ventures](#), for more information.

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Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to view the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/2841.htm>

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Using an Agent or Distributor

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Marketing U.S. goods and services may best be accomplished through bases or agents in South Africa. The Foreign Commercial Service office at the U.S. Consulate General in Johannesburg can help U.S. businesses interested in accessing Swazi markets find agents and partners in South Africa. In addition, the following organizations are available to help foreign businesses find distributors and partners in Swaziland:

- The Swaziland Investment Promotion Authority (SIPA) and Swaziland Industrial Development Company (SIDC) can help with finding partners.
- Swaziland Kirsh Industries (SWAKI) offers local expertise to foreign businesses on a diversity of projects and can help larger enterprises not yet represented in Swaziland to establish retail outlets.
- Small Enterprise Development Company (SEDCO) helps small and medium Companies (SME's) to reach their full potential through training in business management. SEDCO also directs SME's to available opportunities.

Swaziland Investment Promotion Agency

7th Floor, Mbandzeni House
Church Street
P.O. Box 4194
Mbabane H100, Swaziland
Tel.: (268) 2404-0470/4

Fax: (268) 2404-3374
<http://www.sipa.org.sz>

Swaziland Industrial Development Company
5th Floor Dlanubeka Building
P.O. Box 866
Mbabane H100, Swaziland
Tel.: (268) 2404-3391
Fax: (268) 2404-5619
E-mail: sidc@africaonline.co.sz
<http://www.sidc.co.sz>

SWAKI
P.O. Box 1839
Manzini H100, Swaziland
Tel.: (268) 2505-2693
Fax: (268) 2505-2001

Establishing an Office

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The Swaziland Investment Promotion Authority (SIPA) is a government agency created to promote, attract and assist the establishment of both local and foreign enterprises. SIPA is the logical first point of contact for a new business in Swaziland. The following are SIPA's guidelines for establishing operations in Swaziland:

1. **Business Registration:** SIPA facilitates the registration of the company through legal practitioners (Companies Act of 2009). Costs range between US\$400–US\$800 including the registrar of companies' costs.
2. **Immigration:** SIPA handles the applications for entry permits on behalf of the investor. Medical certificate, certificates of association, share certificates, bank statements, police clearances and two passport size photos are required. Permit fees range from US\$100 for up to 12 months to US\$350 for up to five years.
3. **Trading Licenses:** SIPA will also handle this application (Trading Licenses Order No. 20 or 1975). The cost of the license is US\$700.
4. **Utilities Services:** Applications are handled by SIPA.
5. **Environmental Compliance:** All non-services related businesses are required by law to apply for approval from the Swaziland Environmental Authority, a process that SIPA fully facilitates. All waste-creating industries are required by law to undertake an environmental impact assessment.
6. **Factory Inspectorate and National Provident:** Law requires these registrations. The registration process is facilitated by SIPA.

Foreign investors have encountered some difficulties working with SIPA and with government regulations outside of SIPA's scope. A May 2005 study by USAID's Regional Center for Southern Africa, the "Swaziland Investor Roadmap" describes in detail the problems encountered by investors in Swaziland. The study (available at: http://mbabane.usembassy.gov/local_links.html) outlines many step-by-step procedures related to employing, reporting, locating, and operating in Swaziland.

Two common problems described in the "Swaziland Investor Roadmap" are:

- 1. Trading License/Entry Permit:** The current procedures require a trading license to obtain an entry permit while simultaneously requiring an entry permit to obtain a trading license. In practice, an investor must negotiate with both the Department of Immigration and the Ministry of Commerce, Industry and Trade to reach an informal agreement as to which permission will be granted first.
- 2. Entry Permit Review:** Some investors complain that the review of applications for employee entry permits can vary; thus, employers cannot predict if and when an employee will be able to work legally in the country.

The U.S. Embassy in Mbabane continues to work with SIPA and the government in general to clarify the issues raised in the "Swaziland Investor Roadmap." As circumstances change, this document will be updated accordingly.

Franchising

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Franchising opportunities for U.S. business, such as restaurants and retail shops, are plentiful in Swaziland. Franchises in Swaziland are mostly South African, or come to Swaziland by way of a South African entity that has purchased master franchise rights to the region, e.g. Kentucky Fried Chicken, John Deere, Bandag Tyres, FedEx, and DHL.

In the past, South African buyers have allegedly taken advantage of foreigners' ignorance of Swaziland's political independence, and illegally set up franchises in Swaziland without having proper licensing for the country. Swazi business people are thus often suspicious of new franchises in the country. Master franchise deals exclusively for Swaziland or for the region are not subject to restrictions beyond the requirements of any other business arrangement.

There are several urban centers that could support a variety of franchise types. Swazi business people are very interested in cutting their own deals with U.S. and other foreign firms for franchising rights instead of going through South Africa.

Uneasiness with South African dominance in regional franchising extends across southern Africa and can be an important impetus to U.S. firms, not only to sell Swazi franchising rights directly to Swaziland-based buyers, but to consider a Swazi franchiser for the broader region.

There are Swazis interested in becoming regional franchisers who can command the resources necessary to do so. The disadvantage of Swaziland-based franchising is the lack of a strong manufacturing base. In certain ventures, South Africa's ability to more readily provide needed supplies gives it an advantage.

Direct Marketing

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There are no restrictions against U.S. companies marketing their goods in Swaziland. The government's annual Swaziland International Trade Fair held the last week of August or the first week of September, welcomes international companies for marketing purposes.

Joint Ventures/Licensing

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A number of organizations in Swaziland can help foreign firms to pursue joint ventures. The four largest are the Swaziland Industrial Development Company (SIDC), the Swaziland Investment Promotion Investment (SIPA), SWAKI, and Tibiyo Taka Ngwane. SIDC is a private development finance company formed as a joint venture between the government and several international and local financial institutions. The main objective of SIDC is to assist incoming companies by financing joint ventures, equity participation, asset leasing, and providing factory shells. Partners include:

- Government of Kingdom of Swaziland – 34.9 percent
- German Investment and Development Company (DEG) - 22.1 percent
- International Finance Corporation (IFC) - 13.7 percent
- Commonwealth Development Corporation (CDC) - 10.9 percent
- Netherlands Development Finance Company (FMO) - 10.2 percent
- French Development Finance Institution (PROPARCO) - 5.0 percent
- Standard Bank of Swaziland - 1.6 percent
- Nedbank (Swaziland) Limited - 1.6 percent

SIPA is a government agency which facilitates investment in Swaziland. It can help foreign businesses search for partners.

SWAKI Group of Companies is a private entity, but forms joint ventures with incoming companies to boost small to medium enterprises.

Tibiyo Taka Ngwane, a private trust fund managed by the king for the nation, is a major player in Swazi joint venture enterprises. Tibiyo invites foreign partners to either form joint venture projects or to run Tibiyo's wholly owned projects under direct management contract. Tibiyo usually expects the joint venture partner to provide leadership in technical project implementation as well as professional management. When participating in a joint venture, Tibiyo is flexible on the level of its equity stake, generally ranging between 20-50 percent. It can provide limited loan financing to the joint venture at a favorable rate. Tibiyo, when requested, also can play a facilitator role to investors wanting to set up in the country but wishing to "go it alone."

Selling to the Government

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In marketing products and services to the government, companies should not expect a steady flow of sales, but there are occasional opportunities for one-off sales of considerable size. Generally the government publishes tenders in the local media and, depending on the commodity required, occasionally in the South African media. The

U.S. Embassy in Mbabane has a fair overview of what opportunities exist. The commercial office in the U.S. Embassy welcomes the chance to direct interested American parties to the relevant authorities and actively seeks to secure fair consideration of American offers of goods and services.

After the introduction of the Public Procurement Regulations in 2008, procurement for all goods, works and services are managed by a leading procurement organization, which is the ministry responsible for health for medical and pharmaceutical products and related services; the ministry responsible for agriculture for drugs and related services for use by the Veterinary Department; the ministry responsible for transport for vehicles and mechanical plant, including heavy earth moving equipment, spare parts for vehicles and mechanical plant and services related to the foregoing; the ministry responsible for public works for all building, engineering and other works and for all consultancy services related to works procurement; Government Central Stores for all common use items which are held in stock in the Central Stores; and the Technical Secretariat for all other procurement.

Opportunities for U.S. companies to sell to government are available in medical equipment and supplies, heavy earth moving equipment, spare parts for vehicles and mechanical plant, telecommunications equipment and mining equipment. Potential bidders pay for the right to bid at the government revenue office and then collect tender documents from Government Stores after showing receipt from the government revenue office. Bids are returned to the Swaziland National Tender Board. Bidders are invited for the opening of the bids. In some instances, a ministry can apply for a tender waiver if there are too few companies supplying a particular commodity. The government requires three quotes to procure an item. It will issue an order to the company selected, and then the company applies for an import permit from the Ministry of Finance.

Distribution and Sales Channels

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Swaziland uses two ports for imported goods: Durban, South Africa, and Maputo, Mozambique. Swaziland has a dry port at Matsapha, near Manzini, that clears consignments coming into Swaziland via the railway line.

Selling Factors/Techniques

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Service plans and warranties are an important selling point in Swaziland, especially for equipment and automobiles. In order to compete with South African products, U.S. businesses should make provisions for after-sale maintenance. English is one of Swaziland's two official languages and, as long as labeling is done professionally and instructions for use are explicit, Swazi buyers will not have a problem with the commodity.

Electronic Commerce

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E-commerce is not widely used in Swaziland. Few individuals buy items over the internet or use credit cards. Three financial institutions in the country have introduced e-banking.

Internet scams are common in Swaziland. When dealing with Swazi companies claiming to support e-commerce, it would be best to check with local banks to confirm the validity of the transaction.

Trade Promotion and Advertising

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Two newspapers in Swaziland offer advertising possibilities for U.S. businesses: the privately-owned *Times of Swaziland* and Tibiyo Taka Ngwane's *Swazi Observer*. A monthly magazine, *The Nation*, at one time banned by the government, has been back in circulation for some time. Swaziland has one business journal, *The Swaziland Business Yearbook*, now in its fourteenth year.

Newspapers:

The Swazi Observer

Observer House, West Street Mbabane

Tel (268) 2404-5190, 2404-5194

Fax (268) 2404-5503

E-mail: observmb@realnet.co.sz

Website address: www.observer.org.sz

The Times of Swaziland

P.O. Box 156, Mbabane

Tel (268) 2404-1550, 2404-1551, 2404-1552, 2404-1553

Fax (268) 2404-2438

E-mail: times@realnet.co.sz

Website address: www.times.co.sz

Other Publications:

The Nation

P.O. Box 3433, Mbabane

Tel. (268) 2404-6611

E-mail: thenation@realnet.co.sz

Swaziland Business Yearbook

Published by Christina Forsyth Thompson

P.O. Box 592, Mbabane

Tel (268) 2404-3400, 2404-1839

Fax (268) 2404-3400

E-mail: cft@realnet.co.sz

Website address: <http://www.swazibusiness.com/indexsbyb.html>

The government owns radio and television stations which sell advertising (no website is available for the radio station). Swaziland has one privately-owned radio station

broadcasting Christian material, but has no privately-owned television stations. It is possible to advertise with South African television stations broadcasting into Swaziland.

Television

Swaziland Television Authority
P.O. Box A146
Swazi Plaza, H101
Mbabane
Tel: (268) 2404-3036
Fax: (268) 2404-2093
E-mail: info@swazitv.co.sz
Website address: <http://www.swazitv.co.sz>

Pricing

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Pricing of commodities in Swaziland is usually inclusive of all taxes. Swaziland charges 14 percent tax on all goods sold within the country.

Sales Service/Customer Support

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After-sale maintenance is top priority for any sale to succeed in Swaziland. Swazis are hesitant to buy products that cannot be serviced in Swaziland, and U.S. exporters should make provisions for in-country service to promote sales. For example, although government agencies may be willing to wait up to two weeks for automobile service in South Africa, private individuals will not tolerate the inconvenience. Like western consumers, many Swazis will demand same-day or overnight service on their vehicles.

Protecting Your Intellectual Property

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Protection for patents, trademarks, and copyrights is currently inadequate under Swazi law. Swaziland has an intellectual property rights regime inherited from the colonial era, under which copyrights, patents, and trademarks were more or less protected under various acts promulgated by the colonial authorities.

Patents are currently protected under a 1936 act that automatically extends patent protection upon proper application to products that have been patented in either South Africa or Great Britain. Updated patent legislation is in the pipeline. Under the new legislation, patents would be granted by the government with technical assistance from the African Regional Industrial Property Organization in Harare. Protection would be extended to pharmaceutical and agricultural chemical products.

The Trade Marks Act of 1981, although also inadequate, established registration of trademarks for a period of ten years, and may be renewed for subsequent periods of ten years. The registered proprietor of a trademark in Swaziland has the exclusive right to use the mark, and any assignment or transmission of the mark must be registered by the assignee. Appeals against the Registrar's decisions regarding trademarks may be made

to the High Court. The Fair Trading Act, 2001 also provides for pursuit and penalties in the case of violation of trademarks.

Copyright protection is addressed under four statutes, dated 1912, 1918, and 1933 under the Intellectual Property Rights Organization (WIPO) model. Swaziland does not have bilateral copyright relations with the United States.

The government has acceded to the WTO TRIPS agreement, but has not signed the WIPO internet agreement. See Chapter 6, [Investment Climate Statement](#).

Protecting Your Intellectual Property in Swaziland:

Several general principles are important for effective management of intellectual property (“IP”) rights in Swaziland. First, it is important to have an overall strategy to protect your IP. Second, IP is protected differently in Swaziland than in the U.S. Third, rights must be registered and enforced in Swaziland, under local laws. Your U.S. trademark and patent registrations will not protect you in Swaziland. There is no such thing as an “international copyright” that will automatically protect an author’s writings throughout the entire world. Protection against unauthorized use in a particular country depends on the national laws of that country. However, most countries do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for trademark and patent protection even before selling your products or services in the Swaziland market. It is vital that companies understand that intellectual property is primarily a private right and that the US government generally cannot enforce rights for private individuals in Swaziland. It is the responsibility of the rights’ holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Swaziland law. The U.S. Commercial Service can provide a list of local lawyers upon request.

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. Government advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Swaziland require constant attention. Work with legal counsel familiar with Swaziland laws to create a solid

contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both Swaziland or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at www.StopFakes.gov.
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: **1-800-786-9199**.
- For more information about registering for copyright protection in the US, contact the US Copyright Office at: **1-202-707-5959**.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, a free online training program is available at www.stopfakes.gov.
- For US small and medium-size companies, the Department of Commerce offers a "SME IP Advisory Program" available through the American Bar Association that provides one hour of free IP legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and . For details and to register, visit: http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: www.StopFakes.gov This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking

imports of IP-infringing products) and allows you to register for Webinars on protecting IP.

- The U.S. Commerce Department has positioned IP attachés in key markets around the world. You can get contact information for the IP attaché who covers Swaziland at: Johannesburg.office.box@mail.doc.gov.

Due Diligence

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Proper due diligence should form the starting base for any business negotiation with Swazi concerns. U.S. companies should act prudently in completing due diligence reports prior to any proposed business deals.

The U.S. Department of Commerce's Foreign Commercial Services (FSC) Section at the U.S. Consulate General in Johannesburg can provide valuable background information on Swazi firms through their International Company Profile (ICP) service. Further information can be obtained by visiting www.buyusa.gov/southafrica or contacting the FCS Export Assistance Center at (+27) 11-778-4808.

Local Professional Services

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Professional Associations:

Law Society of Swaziland,
High Court Building, Mbabane
Phone: +268 2404-9945

Accountants and Auditors
Kobla Quashie and Associates
Email: info@koblaquashie.co.sz

Management Consulting
Regional Excellence & Development Initiative
Email: info@redi.realnet.co.sz

KPMG Management Services
Email: kpmg@kpmg.co.sz

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Business Yearbook
<http://www.swazibusiness.com/indexsbyb.html>

Swaziland Industrial Development Company
<http://www.sidc.co.sz>

Swaziland Investment Promotion Agency

<http://www.sipa.org.sz>

Tibiyo Taka Ngwane
<http://ww2.tibiyo.com>

Small Enterprise Development Company
<http://www.sedco.co.sz>

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Chapter 4: Leading Sectors for U.S. Export and Investment

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- [Automotive Parts/Service Equipment](#)
- [Electrical Power Systems](#)
- [Airport/Ground Support Equipment](#)
- [Food Processing/Packaging Equipment](#)

Agricultural Sectors

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- [Maize](#)
- [Rice](#)
- [Vegetables fresh, chilled or preserved](#)
- [Beef](#)
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- [Citrus](#)

Telecommunications Equipment - TEL

Overview

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Unit: USD million

	2009	2010	2011 (estimated)	2012 (estimated)
Total Market Size	44.25	65.52	n/a	n/a
Total Local Production	nil	nil	nil	nil
Total Exports	nil	nil	nil	nil
Total Imports	nil	nil	n/a	n/a
Imports from the U.S.	n/a	n/a	n/a	n/a
Exchange Rate: 1 USD	E10.5	E7.45	n/a	n/a

Data Sources: Above figures are unofficial sourced from SPTC annual report.

Swaziland's telecommunications network is fully digital. Optical fiber and local loop systems have been installed and link key areas throughout the country and neighboring countries. Swaziland also introduced the wire-line broadband services along with the Next Generation Networks. The landline network is a state monopoly. A private company provides cellular phone services. Swaziland Telecommunications' Corporation has begun a project to be the second cellular provider. Swaziland plans to enhance its optic fiber connectivity with its neighbors South Africa and Mozambique to take advantage of the undersea optic fiber cables for affordable international bandwidth.

Sub-Sector Best Prospects

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- Next Generation Network Solutions
- Optic Fiber Cables
- Cell phones
- Main Distribution Frames
- Spare parts for the equipment e.g. interface protocols

Opportunities

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As Swaziland plans the commercialization of wireless services, US telecommunications suppliers could find opportunities in this venture;

Only MTN Swaziland Ltd offers cellular service, although SPTC has begun developing wireless products. MTN's monopoly ended in 2008;

Swaziland is building an international airport which still needs to be provided with a telecommunications network.

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Swaziland Posts and Telecommunications Corporation

Agricultural Machinery & Equipment - AGM

Overview

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Unit: USD thousands

	2009	2010	2011 (estimated)	2012 (estimated)
Total Market Size	n/a	n/a	n/a	n/a
Total Local Production	nil	nil	nil	nil
Total Exports	nil	nil	nil	nil
Total Imports	nil	nil	nil	nil
Imports from the U.S.	n/a	n/a	n/a	n/a
Exchange Rate: 1 USD	E10.50	E7.45	n/a	n/a

Swaziland 2008 imports from the U.S. of agricultural machinery and parts thereof excluding tractors amounted to USD 899,389.14 according to the Central Statistics office. (ROE: USD2/E7.75)

Swaziland, in its fiscal adjustment roadmap, plans to diversify its economy and agriculture. The Swaziland Water and Agricultural Development Enterprise (SWADE) is implementing a project where three small holder irrigation schemes will be built in three phases at the Lower Usuthu Small-holder Irrigation Project (LUSIP). Construction of Phase 1 started in 2010 and should be fully operation in 2014. LUSIP has also a potential for a small scale hydroelectricity generation.

Sub-Sector Best Prospects

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- Agricultural Machinery/equipment
- Irrigation equipment; drilling rigs
- Hydroelectricity generation equipment.

Opportunities

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The agro-based economy of Swaziland opens opportunities for U.S. companies who supply agricultural machinery and equipment.

U.S. investors should also look for the niche sectors that will come up as a result of the agricultural development at LUSIP e.g. food processing.

Web Resources

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Swaziland Water and Agricultural Development Enterprise
<http://www.swade.co.sz>

Medical Equipment - MED

Overview

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Unit: USD thousands				
	2009	2010	2011 (estimated)	2012 (estimated)
Total Market Size	n/a	n/a	n/a	n/a
Total Local Production	nil	nil	nil	nil
Total Exports	nil	nil	nil	nil
Total Imports	n/a	n/a	n/a	n/a
Imports from the U.S.	n/a	n/a	n/a	n/a
Exchange Rate: 1 USD	E10.50	E7.45	n/a	n/a

Swaziland's healthcare sector is serviced by the public health care system, which is not well equipped. A number of cases have to be referred to South Africa because of lack of equipment and expertise. Because of the cost of sending patients to South Africa, Swaziland plans to upgrade the hospitals. The government, in its Medium Term Budget Policy 2010/2011, increased its health budget to 17.5 percent which will go towards the purchasing of medical equipment and construction of hospitals and subvention of non government hospitals.

Sub-Sector Best Prospects

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A partially government funded hospital is currently seeking tenders for equipment.

- Medical Equipment, e.g. ICU Unit and dialysis equipment
- Patient care monitors
- Chemotherapy equipment
- Imaging equipment
- Optical instruments

Opportunities

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The government, in its medium term budget policy, plans to embark on the upgrade of hospitals and to build a regional hospital on the eastern part of Swaziland. U.S. companies have an opportunity to supply medical equipment and supplies.

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Swaziland Government /Ministry of Finance
<http://www.gov.sz/finance>

Travel and Tourism - TRA

Overview

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Unit: USD millions

	2009	2010	2011 (estimated)	2012 (estimated)
Total Market Size	44.85	n/a	n/a	n/a
Total Local Production	n/a	n/a	n/a	n/a
Total Exports	n/a	n/a	n/a	n/a
Total Imports	n/a	n/a	n/a	n/a
Imports from the U.S.	n/a	n/a	n/a	n/a
Exchange Rate: 1 USD	E10.50	E7.45	n/a	n/a

Data Sources: Central Bank of Swaziland

Swaziland, despite its small size, supports a strong cultural heritage and biodiversity which attracts tourists into the country. Visitors traveling to South Africa often plan a short side trip to Swaziland to experience unique traditions and an easy pace of life. Tourism is expected to grow steadily in southern Africa, and Swaziland will continue to capture a share of the regional market. In 2008 total receipts obtained from tourism amounted to USD 52.49 million (ROE USD1/E7.75). Swaziland also boasts of a range of modern hotel accommodation.

Sub-Sector Best Prospects

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- Organize travel tours
- Research into Swaziland's biodiversity

Opportunities

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Swaziland has only one biodiversity valuation study which was undertaken in 1997 by Turpie and Albert. There is, therefore, an urgent need to ascertain the true value of these biological resources in Swaziland.

U.S. tourist organizations can organize tours direct to Swaziland and then visit the region from the country, especially after the completion of the Sikhuphe International Airport.

Web Resources

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Ministry of Tourism, Communication and Environment
<http://www.gov.sz/tourism>

Swaziland Environment Authority
<http://www.environment.gov.sz>

Computers/Peripherals - CPT

Overview

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Unit: USD thousands

	2009	2010	2011 (estimated)	2012 (estimated)
Total Market Size	n/a	n/a	n/a	n/a
Total Local Production	nil	nil	nil	nil
Total Exports	nil	nil	nil	nil
Total Imports	n/a	n/a	n/a	n/a
Imports from the U.S.	n/a	n/a	n/a	n/a
Exchange Rate: 1 USD	E10.50	E7.45	n/a	n/a

According to the Central Statistics Office Swaziland imports from the U.S. of computers and peripherals in 2008 amounted to USD 3,249,143 (roe USD1/E7.75). This surge is attributed to telecommunications and electricity sectors' upgrades.

Sub-Sector Best Prospects

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- Computerized billing systems for the various sectors
- Introduction of IT in high schools and tertiary institutions

Opportunities

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The continued IT migration of the various sectors to computerize their establishments would see significant investment in computers and peripherals.

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Swaziland Investment Promotion Authority
<http://www.sipa.org.sz>

Automotive Parts/Service Equipment - APS

Overview

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Unit: USD thousands

	2009	2010	2011 (estimated)	2012 (estimated)
Total Market Size	n/a	n/a	n/a	n/a
Total Local Production	nil	nil	nil	nil
Total Exports	nil	nil	nil	nil
Total Imports	n/a	n/a	n/a	n/a
Imports from the U.S.	n/a	n/a	n/a	n/a
Exchange Rate: 1 USD	E10.50	E7.45	n/a	n/a

Data Sources: Central Statistics Office

The automotive components sector has increased greatly with the rising of import cars. The rate of new registrations continues to climb. Imports of a variety of motor vehicles and transport from the U.S. in 2008 reached US 70, 000.00. Central Statistics office

Government is now privatizing the department that supports government's transportation services.

Sub-Sector Best Prospects

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- Body parts passenger motor vehicles, motor cycles, trailers and semi-trailers.
- Electronic components
- Engine and engine components.
- Specialty equipment and spare parts for soon to be privatized government garage.

Opportunities

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Swazis recognize the U.S. as the world leader in truck manufacturing, and recently Swazi buyers have been looking more seriously at U.S.-manufactured trucks.

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Ministry of Public Works and Transport
[http://www.gov.sz/public works](http://www.gov.sz/public%20works)

Electrical Power Systems - ELP

Overview

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Unit: USD millions

	2009	2010	2011 (estimated)	2012 (estimated)
Total Market Size	53.38	107.32	n/a	n/a
Total Local Production	n/a	n/a	n/a	n/a
Total Exports	n/a	n/a	n/a	n/a
Total Imports	18.21	39.86		
Imports from the U.S.	n/a	n/a	n/a	n/a
Exchange Rate: 1 USD	E10.50	E7.45	n/a	n/a

Data Sources: *Swaziland Electricity Report 2009/2010*

South Africa's dwindling surplus of electricity for export will force Swaziland to invest in greater domestic production. Swaziland generates approximately 24 percent of its required 1.2 billion kilowatt hours of electricity and imports the remainder from South Africa and Mozambique. As demand for electricity in South Africa grows, the South African power utility, Eskom, will be less willing to sell to Swaziland.

The Electricity Company is doing a feasibility study to build a 300MW thermal power station.

The Electricity Company is implementing its rural electrification program.

While increasing its supply to the country, the electricity company continues to pay attention to the environment. Lines passing through nature reserves are constructed using underground cables and to protect the bird life flappers are installed on the lines.

Sub-Sector Best Prospects

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- Joint ventures in the 300MW thermal power station
- Environment impact assessment contracts
- Copper sales
- Construction of 400kV integration for rural substations

Opportunities

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Feasibility studies for the 300MW thermal are at an advanced stage.
Environment assessment studies are done by private companies.
The ongoing rural electrification is planned for the four regions of the country.

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Swaziland Electricity Company
<http://www.sec.co.sz>

Airport/Ground Support and Equipment - APG

Overview

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Unit: USD thousands

	2009	2010	2011 (estimated)	2012 (estimated)
Total Market Size	n/a	n/a	n/a	n/a
Total Local Production	n/a	n/a	n/a	n/a
Total Exports	n/a	n/a	n/a	n/a
Total Imports	n/a	n/a	n/a	n/a
Imports from the U.S.	n/a	n/a	n/a	n/a
Exchange Rate: 1 USD	E10.50	E7.45	n/a	n/a

Swaziland is currently building a new airport that will accommodate large passenger planes. The airport is being built to serve as the country's only international airport. Swaziland is currently serviced by Matsapa Airport, which can only handle trans-Atlantic or inter-continental flights and serves largely as a charter airport for small regional carriers.

Sub-Sector Best Prospects

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- Ground Support Equipment
- Passenger Transport Vehicles
- Luggage Handling Vehicles and Systems
- Passenger Air Bridges
- Air Traffic Control equipment
- Instrument Landing Systems and
- Safety and Security Systems Integration.

Opportunities

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The roll out of the new equipment and systems at Sikhuphe airport is a significant opportunity for U.S. companies.

Also the general maintenance of the air traffic control and its navigation services would be a great opportunity for the U.S.

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Ministry of Economic Planning and Development
<http://www.gov.sz/economic> planning

Food Processing/Packaging Equipment - FPP

Overview

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Unit: USD thousands

	2009	2010	2011 (estimated)	2012 (estimated)
Total Market Size	n/a	n/a	n/a	n/a
Total Local Production	n/a	n/a	n/a	n/a
Total Exports	n/a	n/a	n/a	n/a
Total Imports	n/a	n/a	n/a	n/a
Imports from the U.S.	n/a	n/a	n/a	n/a
Exchange Rate: 1 USD	E10.50	E7.45	n/a	n/a

Swaziland is actively pursuing investors in value-added industries which use inputs such as sugar, citrus fruit, and vegetables. For example, Swaziland is a major exporter of soft drink concentrate and imports machine parts and ingredients for this production from the U.S. These imports account for the largest regular export from the U.S. to Swaziland. The closure of the north-western Africa concentrate plant increased the market share of the locally produced product, which also sells under Common Market for Eastern and Southern Africa (COMESA).

Sub-Sector Best Prospects

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- Start up of food processing establishments.
- Supply of ingredients for the concentrate
- Supply of equipment and upgrade of technology
- Supply of packaging

Opportunities

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U.S. companies can supply equipment and technology for the beverage plant and new food processing factories.

Web Resources

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Swaziland Investment Promotion Authority
<http://www.sipa.org.sz>

Swaziland's agriculture sector is dominated by sugar, citrus and canned fruit production for export. Many Swazis practice subsistence agriculture focusing on maize cultivation. The country is historically a net importer of maize, and the quantity demanded depends significantly on unreliable rainfall. Besides subsistence production, the country meets much of its demand for agricultural products through imports from South Africa. Maize and wheat are the top agriculture products imported from the U.S. In 2008 imports of maize, rice, wheat, barley and other cereals amounted to USD 1,137,188 (ROE USD1/E7.75).

The U.S. Foreign Agriculture Service office at the U.S. Embassy in Pretoria, South Africa, can provide information on exporting U.S. agriculture products to Swaziland. The office's contact information is:

Foreign Agriculture Service
U.S. Embassy Pretoria, South Africa
Tel: +27-12-431 4235
Fax: +27-12-342 2264
Email: agpretoria@fas.usda.gov

Wheat is the only cereal with a significant import share from a country other than South Africa. Culturally, wheat is not a staple food in Swaziland. However, because of government price controls on bread and poor maize yields, people are consuming increasing amounts of imported wheat.

Rice is another grain that was not a staple food but now is consumed in large quantities Swaziland. In 2008 rice imported from the U.S. amounted to USD 2,910, 967.74. (ROE: USD1/E7.75) *Source: Central Statistics Office*

Swaziland Beef export receipts fell by 4.1 percent recording USD 4.79 million in 2009 (ROE:USD1/E10.50) drive to commercialize this industry is ongoing. *Source: Central Bank of Swaziland 2009/2010 report.*

The dairy industry in Swaziland is dominated by the informal market with only 32 percent of the total production sold to the formal market. Swaziland imported milk products, other than butter or cheese, from the U.S. in 2008 amounting to USD 248,521.55. *Source: Central Statistics office.*

Canned fruit export receipts registered USD 20.51 million in 2009 and imports of preserved fruit (excluding fruit juices) from the U.S. in 2008 registered USD 23,807. (ROE: USD1/E7.75). *Source: Central Statistics Office*

Citrus production export receipts fell in USD 8.25 million in 2009 from USD 9.57 million in 2008. Domestic sales registered USD 3.23 million (ROE: USD1/E10.50) in 2009. *Source: Central Bank of Swaziland 2009/2010 report.*

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Import Tariffs

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Swaziland, together with Botswana, Lesotho, Namibia and South Africa, are members of the Southern Africa Customs Union (SACU). As a Custom Union, the five countries have a common external tariff, but each country has an internal tax that applies to imports from the other member states as well from third countries. In Swaziland, this tax is the General Sales Tax (GST) of 14 percent, which is governed by the Sales Tax Act (Act No.12 of 1983).

According to a report by USAID's Regional Center for Southern Africa, entitled the "Swaziland Investor Roadmap" (available at <http://mbabane.usembassy.gov>), the rates of customs duty and excise duty are determined at the SACU level. The taxes collected are remitted into the SACU revenue pool from which they are distributed to the five countries in accordance with an agreed revenue sharing formula.

For a number of products, the import duty and excise tariff provides for both *ad valorem* and specific rates of duty. The *ad valorem* rates of duty range from 0-40 percent. Most products originating in SADC countries are duty free.

The excise tariff is contained in Part 2 of Schedule No. 1 of the Act. Excise duty is charged on both imported and locally manufactured goods, but it applies only to a limited number of consumer products, such as beverages.

Trade Barriers

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Transporting goods to and from Swaziland represents a challenge for traders. Swaziland has no direct sea access and a very small international airport. However, quality facilities are available nearby. The ports at Durban, South Africa, and Maputo, Mozambique, can be accessed by rail, and a dry port in Swaziland facilitates the road-to-rail connection.

Johannesburg International Airport is easily accessible by road and a new, large airport is under construction in eastern Swaziland. Swaziland's main roads are in good condition.

For information on Swaziland transportation barriers, please see a study by USAID's Regional Center for Southern Africa, entitled "Improving Transportation Logistics for Competitiveness of Swaziland," posted on the Embassy's website: http://mbabane.usembassy.gov/local_links.html.

In addition to transportation, government procedures can hinder business in Swaziland. There is a general lack of procedural transparency, and reliable information regarding trade and investment is not readily available. The U.S. Embassy recommends that those interested in investing in Swaziland personally visit the country.

Import Requirements and Documentation

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Permits are required for certain imports, including all agricultural products, mineral fuels, used clothes, mineral oils, motor vehicle parts, used cars, medicinal drugs, and electrical appliances. Licensing permits issued by the Ministry of Finance are generally easy to obtain and are valid for one shipment. Goods consigned to Swaziland from outside SACU must be cleared through customs at the first port of importation into SACU. A bill of entry must be completed and submitted to customs along with copies of the supplier's invoices and a Swaziland import permit.

U.S. Export Controls

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Swaziland's "listed" items are those that appear on the U.S. Department of Commerce Control List. These require a license to be exported to Swaziland based on the Export Control Classification Number and the Country Chart. These items are detailed on the U.S. Department of Commerce's Bureau of Industry and Security website at www.gpo.gov/bis/ear/ear_data.html

The Country Chart, which includes Swaziland, is in Part 738. The Commerce Control List is in Part 774; there are 10 categories that can be pulled up as separate files.

Temporary Entry

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There is no restriction on temporary entry of goods in transit to another country, but importers may be charged transit rebates, which include warehousing guarantee bonds. Transit rebates ensure that goods destined for a third country leave Swaziland. Transit rebates are paid upon entry into Swaziland, and the owner of the goods applies for refund of the rebate when the goods leave Swaziland.

Labeling and Marking Requirements

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Only country of origin labeling is required. Swaziland has established the Standards Authority, which will introduce standards certification.

Prohibited and Restricted Imports

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Importing illicit drugs and arms of war is prohibited.

Customs Regulations and Contact Information

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The Swaziland Revenue Authority (SRA), which opened its doors on January 01, 2011, was formed after a merger of the Customs and Income Tax departments. The SRA office administers import duties and controls.

Swaziland Revenue Authority
Imfumbe Building
Mahlokohla Street
P.O. Box 5628
Mbabane, Swaziland
Tel: +268 2406 4000
Email: info@sra.org.sz

Standards

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Swaziland Standards Authority (SWASA) is a statutory body formed in accordance with the Quality and Standards Act 10 of 2003. The office was opened in April 2007. SWASA is responsible for the promotion and maintenance of standardization and quality relating to commodities and the rendering of services. Its tasks include:

- serve industry, commerce and the public sector by developing, maintaining and monitoring the implementation of standards and performing conformity assessments;
- acquire, develop and publish standards, and provide testing facilities;
- acquire affiliation to relevant international bodies.

Standards Organizations

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Swaziland Standards Authority (SWASA) – A Swaziland government agency responsible for standards. Website: <http://www.swasa.co.sz>

SWASA has a memorandum of understanding with the South African Bureau of Standards (SABS). Website: <http://www.sabs.co.za>

SADC Stan – SADC Cooperation in Standardization. The Southern African Development Community (SADC) constitutes fourteen member states, and has the goal of harmonizing member countries' standards and technical regulations. It is reliant on the capacity of primarily the SABS for its operations. Website: <http://www.sadcstan.co.za>.

SWASA signed a memorandum of understanding with the ASTM International formerly known as the American Society for Testing and Materials. Website: <http://www.astm.org>

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: <http://www.nist.gov/notifyus/>

Conformity Assessment

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SWASA is involved in conformity assessment with the South African Bureau of Standards (SABS), a South African government agency regulating standards. Website: <http://www.sabs.co.za>

Product Certification

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SWASA has been working on the development and adoption of close to 30 standards, 7 of which are in the process of being published in the government gazette. Given that the Swaziland did not have any national standards previously, the SWASA has been helping local companies source standards, from neighboring national standards bodies.

Accreditation

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SWASA has established that South African National Standards sourced from SABS are most commonly used by Swaziland companies. Another commonly used standard is ISO 9000 and some companies are in the process of implementing HACCP. So far only one company is known to be implementing ISO22000 and is accredited to the standard.

Publication of Technical Regulations

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All proposed and final technical regulations will be published in the Swaziland *Government Gazette* and also SWASA's website: <http://www.swasa.org.sz>

Labeling and Marking

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Labeling/marketing for industrial and pharmaceutical imports has to be provided in English. Swaziland follows the Harmonized System (HS) and belongs to the Southern African Customs Union (SACU).

Contacts

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Swaziland Standards Authority
2nd Floor Public Pension Fund Building
Mhlambanyatsi Road
Mbabane
P.O. Box 300
Eveni, H103
Tel: +268 2404 7770; Fax: +268 2404 7746
Website: <http://www.swasa.co.sz>

Trade Agreements

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Swaziland is currently a member state of the Common Market for Eastern and Southern Africa (COMESA). The Preferential Trade Area agreements for Eastern and Southern Africa grant Swazi goods and services preferential access to a market of over 250 million people.

The SADC Trade Protocol came into force in January 2000. This initiative is strongly supported by the World Bank, International Monetary Fund, and the African Development Bank. Under SADC, a company with operations in Swaziland can supply the entire SADC region with minimal export controls. SADC is made up of Angola, Botswana, Democratic Republic of the Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, Swaziland, South Africa, Tanzania, Zambia and Zimbabwe.

Swaziland membership in the Southern African Customs Union (SACU), with Botswana, Lesotho, Namibia, and South Africa, allows for duty-free exchange of goods to a market of 45 million people. Goods from outside SACU require an import permit. Member countries receive due shares of the customs pool generated by commodities imported from outside the SACU. Customs revenue continues to be a major component of Swazi government receipts, until recently accounting for an estimated 60 percent of total revenue. The renegotiated SACU Agreement came into effect in July 2004.

Swaziland continues to benefit from eligibility for the African Growth and Opportunity Act (AGOA). On January 18, 2001, Swaziland was designated as the 35th AGOA eligible country. Foreign investors have taken advantage of Swaziland's AGOA-eligible status, especially in the garment manufacturing industry.

Swaziland is a signatory of the General Agreement on Tariffs and Trade. The GATT Agreement affects Swazi industry through its membership in SACU. To meet GATT obligations, South Africa, on behalf of SACU, has submitted schedules for the gradual reduction of tariffs for some commodity imports.

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Swaziland Investment Promotion Authority – <http://www.sipa.org.sz>

Swaziland Standards Authority – <http://www.swasa.co.sz>

U.S. Commercial Service South Africa – <http://buyusa.gov/southafrica/en> or
<http://www.ussatrade.co.za>

Ministry of Commerce, Industry and Trade – <http://www.gov.sz/commerce>

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Openness to Foreign Investment

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The Government of the Kingdom of Swaziland's (GKOS) current fiscal crisis, resulting from a drop in Southern African Customs Union (SACU) receipts, has reinforced its desire to attract Foreign Direct Investment (FDI) to help provide jobs and revenue. Coordination among ministries to help support FDI is sometimes lacking. Incentives include repatriation of profits, provision of factory shells at competitive rates, and exemption from duty on raw materials to manufacture goods to be exported outside SACU. Financial incentives for all investors also include generous tax allowances and deductions for new enterprises, including a 10-year exemption from withholding tax on dividends and a low corporate tax of 10 percent for approved investment projects. New investors also enjoy duty-free import of machinery and equipment. The shrinking of the SACU receipts has forced the GKOS to draw up a Fiscal Adjustment Road Map which outlines the strategy to grow the economy through Foreign Direct Investment.

The GKOS continues to work with the European Union, African Development Fund and the USAID/Southern Africa Global Competitiveness Hub in the development of its pending investment policy, creation of a Revenue Authority, and improvement of trade policies. Implementation of the Companies Act of 2009, which replaced the outdated Companies Act of 1912, is ongoing. The Act's main objective is to streamline the establishment, incorporation, and registration of companies. The Act will also improve the management, administration and dissolution of companies and put Swaziland's corporate laws in line with regional and international developments. Other bills drafted in

2010 to promote an investor friendly Swaziland are the Swaziland Communications Commission Bill, which would affect the issuance of television licenses and the Electronic Communications Bill, whose aim is to provide a framework for the development of electronic communications networks in Swaziland. The Financial Services Regulatory Act No. 2 of 2010 came into effect on June 1, 2010. The aim of the act is to put in place an integrated regulatory system for the non-bank financial services, including insurance, retirement funds, building societies, capital markets and other similar institutions.

Swaziland has a dual-legal system, and most investments are done on the basis of Roman/Dutch law. Companies investing under traditional rules, possibly involving communal land controlled by a chief or the king, should be aware that they may not be able to take disputes to court. Swaziland's judicial system upholds the sanctity of contracts; however companies investing under the auspices of Swazi tradition and custom do not have the same judicial protections and remedies as investments under the more commonly used Roman/Dutch based law.

There are no formal policies or practices that are discriminatory to foreign-owned investors, and companies can be 100 percent foreign-owned. The new Constitution bars the vesting of ownership of land in foreign-owned companies or foreigners unless ownership was attained before the promulgation of the Constitution on February 8, 2006. However, the Constitution states that this provision "may not be used to undermine or frustrate an existing or new legitimate business undertaking of which land is a significant factor or base." Foreign companies looking to own land must attain approval from the Land Board.

Investors are screened for credit worthiness and business ethics track record as well as criminal record. If the investors come in with their own funding from outside the country, there is no requirement for further screening. In June 2010 the government published the Competition Commission Regulations. The regulations empower the Commission to investigate anti trade practices and review applications for mergers.

There are no formal policies or practices discriminatory to foreign-owned investors and companies. Foreign investors are theoretically free to invest in all sectors of the Swazi economy, aside from the GKOS monopolies in telephones and water. Other areas in which the GKOS disallows investment are in the manufacturing of arms, chemical and biological weapons, radio-active materials, explosives and manufacturing involving hazardous waste treatment or disposal.

To date, implementation of Swaziland's Privatization Policy, approved by the Cabinet in December 2006, has been slow. In June 2007 the Ministry of Natural Resources and Energy began reviewing applications for private energy suppliers, but has not granted any licenses. In December 2007, the Swaziland Electricity Board (SEB) became the Swaziland Electricity Company, beginning the privatization process. Plans to privatize Swazi Post and Telecommunications Corporation (SPTC) are ongoing. The GKOS promulgated the National Information and Communication Technology (ICT) policy in August 2007. The policy is to help transform SPTC from a dual operator/regulator into two separate entities. The insurance industry was de-monopolized in 2006 and a regulatory office started operating in April 2007. The Insurance Act of 2005 required all local insurance companies to invest 30 percent of their assets in Swaziland by 2009.

Upon their privatization, provisions of these services will offer the possibility of joint ventures for foreign investors.

The mobile phone company MTN is the sole cellular operator in the country, although MTN's legal monopoly expired in November 2008. SPTC granted MTN a ten-year license for GSM Mobile technology without the monopoly provision. SPTC had planned to be the second cellular provider in the country and, in 2009, started putting the infrastructure into place; conflicts among ministries, the royal family, which is a MTN shareholder, MTN, and SPTC derailed the project and the matter is not yet resolved.

There is no discrimination against foreign investors after investment. Any company wishing to do business in Swaziland must adopt articles of incorporation or association. This requirement is non-discriminatory.

Non-governmental organizations (NGOs) support foreign investment except when specific locally-owned businesses are threatened. NGOs may publicly protest and attempt to block award of licenses, but in light of the need for increased jobs and revenue, there is firm government commitment to foreign investment.

The GKOS has recognized the need to facilitate a faster business registration process and curb other bureaucratic delays. The Swaziland Investment Promotion Authority (SIPA), established to become a one-stop-shop for foreign investors and to design and implement strategies for attracting desired foreign investors, continues to work with the Southern African Competitive Hub in drafting an investment policy as recommended by the Investor Roadmap of 2005. An audit in 2009 by the Southern African Competitive Hub, however, demonstrated that government had only completed 19 percent of the recommendations detailed in the 2005 Investor Roadmap.

In the World Bank's "Doing Business 2011," Swaziland was ranked 118 out of 183 countries (up from 126 in 2010) for ease of doing business and for starting a business it remained ranked at 153. According to the Heritage Foundation's "Economic Freedom Index," Swaziland's economic freedom score is 57.4, ranking its economy 102 in the world in 2010. Its score is 1.7 points lower than last year, reflecting reduced scores in six of the ten economic freedoms. Swaziland is ranked 14 out of 46 countries in the Sub-Saharan Africa region.

Over the past five years, Swaziland's annual economic expansion averaged 2.5 percent. Low productivity and sparse investment have contributed to sluggish economic growth. Corruption has negatively impacted on Swaziland's growth. Transparency International ranks Swaziland 91 of 178 in the world in its Corruption Perceptions Index, with a rating of 3.2.

Index/Ranking

Measure	Year	Index/Ranking
TI Corruption Index	2010	91
Heritage Economic Freedom	2010	102
World Bank Doing Business	2011	118
MCC Government Effectiveness	2010	-0.34 (26%)
MCC Rule of Law	2010	-0.30 (29%)

MCC Control of Corruption	2010	0.12 (58%)
MCC Fiscal Policy	2010	0.6 (78%)
MCC Trade Policy	2010	79.8 (74%)
MCC Regulatory Quality	2010	-0.11 (42%)
MCC Business Start Up	2010	0.938 (17%)
MCC Land Rights Access	2010	0.487 (20%)
MCC Natural Resource Mgmt	2010	65.98 (8%)

Conversion and Transfer Policies

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Conversion and Transfer Policies:

The Central Bank's prior approval is necessary for all capital transfers into Swaziland from outside the Common Monetary Area (CMA) to avoid subsequent repatriation of interest, dividends, profits and other income accrued, but no restrictions are placed on the transfers. In practice, approval is routinely granted when required for genuine investment activity, but bureaucratic delays are common. When converting funds, the investor's bank uses its discretion to decide if there is need to seek the Central Bank's approval.

No recent changes have been made to Swaziland's remittance policies.

There is a straightforward process for obtaining foreign currency. A resident requiring currency other than the Swazi Emalangeni (E) or South African Rand (accepted as legal tender and equivalent to the Emalangeni) for permissible purposes must apply through an authorized dealer, and a resident who acquires foreign currency must sell it to an authorized dealer for local currency within 90 days. No person is permitted to hold or deal in foreign currency other than an authorized dealer. Authorized dealers in Swaziland are First National Bank of Swaziland (FNB), Nedbank, Standard Bank, and Swazi Bank.

The average delay period for remitting investments is dependent on the mode for remitting funds. SWIFT transfers average a week while electronic transfers typically take less than a week.

Dividends derived from current trading profits are freely transferable on submission of documentation (including latest annual financial statements of the company concerned), subject to provision for the non-resident shareholders' tax of 15 percent. Local credit facilities may not be utilized for paying dividends. The GKOS does not issue dollar-denominated bonds. There are no limitations on the inflow or outflow of funds for remittance.

The Central Bank of Swaziland monitors the flow of foreign investment in and out of the country, as it follows all foreign exchange. The Central Bank has formal powers to screen and regulate foreign exchange and investment, but these powers are exercised in a formal, routine, and equitable manner. There have been no changes in policies or practices in recent years.

Expropriation and Compensation

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Expropriation and nationalization are prohibited. There have been no known cases of a foreign business being expropriated. Swaziland's land tenure system can be confusing for investors. Approximately sixty percent of land is Swazi Nation Land, land held by the monarchy in trust for the people of Swaziland. Control of the use of this land is generally delegated to chiefs of the area. Settlement of disputes regarding traditionally held land can take years. Legality of land leases is sometimes unclear and uncertainty exists as to the details of land ownership rights. Clear titles can exist for non-Swazi Nation Land, located generally in municipalities. A minister, with Cabinet permission, can publish in the government gazette a "notice of intention to take property," list the properties to be taken, and take them. Historically, this only affected properties with absent landlords. According to the Constitution, the Land Management Board will vet applications by non-citizens to acquire land in the country.

The Embassy does not believe the GKOS will engage in expropriatory actions in the near future.

There are no sectors that are at risk for expropriation or any similar action.

There are no laws forcing local ownership.

There are no cases of "creeping expropriation."

Dispute Settlement

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The government generally has a good record of handling investment disputes, with most investor disputes employee-related. Official government intervention/ arbitration is available upon request, but most investment disputes are handled within the judiciary system, usually via the Industrial Relations Court.

There have been a few investment disputes affecting foreign investors in the last few years, including challenges investors face when utilizing Swazi custom and law as the legal basis underpinning their contracts.

Swaziland has a dual legal system comprised of Roman-Dutch law and customary law. This parallel system can be confusing and has, at times, presented problems for foreign-owned businesses. In addition to a Western-style court system, Swaziland's traditional courts, with the king as supreme authority, are available for dispute settlement. Swazi employees have brought grievances against foreign employers to these traditional courts. Such disputes, however, can be transferred to the formal court system at the option of the foreign employer/investor. The Industrial Relations Act of 2000 created the Conciliation, Mediation and Arbitration Commission to resolve employer-employee disputes.

In general, the Swazi legal system has effectively enforced property and contractual rights. The court system is considered free and fair. Judgments of foreign courts are accepted and enforced. The Companies Act of 2009 outlines commercial law. Swaziland's bankruptcy law, the Insolvency Act of 1955, is silent on the currency used in

monetary judgments; however, international companies doing business in Swaziland include the currency to be used in the memorandum of agreement. The court has jurisdiction over the property of a person who has ordinarily resided in or carried on business for 12 months in Swaziland before the lodging of the petition.

The GKOS accepts binding international arbitration of investment disputes between foreign investors and the state. Any agreement with international investors/parties includes a clause stating where arbitration will take place and which laws will apply. Swaziland does not have a domestic arbitration body for investment disputes.

Swaziland is a member of the International Centre for the Settlement of Investment Disputes (ICSID) and the Multilateral Investment Guarantee Agency (MIGA). There is no specific legislation providing for enforcement of ICSID awards.

Performance Requirements and Incentives

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The GKOS does not maintain any measures which are alleged to violate the WTO's Trade Related Investment Measures requirements.

There are two performance requirements that may affect foreign business in Swaziland. Swazi government policy requires hiring qualified Swazi workers where possible. This has discouraged some business people from relocating to Swaziland, as it may present difficulties for spouses to find work. The other performance requirement affects only exporters who wish to label their product as made in Swaziland. Local export authorities require that the local content of such exports be at least 25 percent. This determination, however, is often difficult to make, and appears to be conducted on a case-by-case basis.

Investment incentives for qualifying investments, particularly those in export-driven manufacturing, mining, and international services, include: A tax rate of 10 percent for the first ten-year period, available for businesses that qualify under the Development Approval Order; no capital gains tax; 30 percent tax on profit; no withholding tax on declared dividends; factory shells rented at cost; a 150 percent training allowance; a potential tax rate of zero percent for new manufacturing companies, at the discretion of the Minister for Finance; imports of capital goods for productive investments are duty free; imports of raw materials are duty free, provided the final product is exported outside SACU; and losses may be carried forward indefinitely.

There are no performance requirements for establishing, maintaining, or expanding an investment. To receive duty free status on capital goods imports, the investment must be considered productive.

There are no requirements regarding the purchase or export of goods.

There is no requirement on composition of ownership, equity diversification, or that there is a technology transfer.

The GKOS does not impose "offset" requirements.

The law does require companies to employ Swazi nationals unless they cannot find a qualified national.

There are no enforcement procedures for performance requirements. The updated Companies Act expects companies to lodge annual returns with the Registrar of Companies. The return should include the name of the auditors, nominal and issued share capital, names and addresses of members (in case of a private company), among other requirements. Investors are not required to disclose proprietary information as part of the regulatory process.

U.S. and foreign firms are not able to participate in government financed and/or subsidized research and development programs.

Residence and work permits are a major source of tension between the expatriate business community and a government otherwise friendly to foreign investment. All foreign nationals working in Swaziland require work and residence permits. Employers must apply to the Immigration Office for a work permit, demonstrating that no Swazi is available to fill the vacancy. Although they generally are awarded, expatriate business people complain that the process is cumbersome, exasperating, and is a reported source for unofficial "expedition" payments. Residence permits are good for five years for expatriate directors, senior management and key technical personnel of new companies, at which time they must be renewed. Recently, work permits for some prominent business people have not been renewed, with no reasonable explanation given.

There are no discriminatory or preferential export or import policies affecting foreign investors.

Right to Private Ownership and Establishment

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The majority of Swaziland's largest businesses are owned by foreign investors, either fully or with minority participation by Swazi institutions. There are no restrictions on foreign ownership that are discriminatory against foreign investors. Foreign firms in Swaziland often dominate the sectors they are in and therefore receive preferential treatment in matters of supplies and other necessities, even where there are Swazi enterprises in the same sector. Both foreign and domestic private entities have a right to establish businesses, and acquire and dispose of interests in business enterprises.

Protection of Property Rights

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The GKOS recognizes and enforces secured interests in property, both moveable and real. There is a recognized and reliable system of recording such security interests.

The legal system protects and facilitates acquisition and disposition of property.

Adherence to key international agreements on intellectual property rights is minimal.

Protection for patents, trademarks and copyrights is currently inadequate under Swazi law. Patents are currently protected under a 1936 act that automatically extends patent

protection, upon proper application, to products that have been patented in either South Africa or Great Britain. The African Regional Industrial Property Organization in Harare assisted in drafting a new patent law. The draft law includes protection for pharmaceutical and agricultural chemical products.

Trademark protection is addressed in the 1994 Trademarks Act. Copyright protection is addressed under four statutes, dated 1912, 1918, 1933 and 1936.

Swaziland has an intellectual property rights regime inherited from the colonial era, under which copyrights, patents, and trademarks were somewhat protected under various acts promulgated by the colonial authorities. According to the Registrar General, the acts have not been implemented and copyright protection in Swaziland is "limited." There is a draft updated Copyright Act based on the World Intellectual Property Rights Organization (WIPO) standards. Swaziland does not have a bilateral copyright agreement with the United States.

There are no ongoing disputes with regard to patents, trademarks, or copyrights in Swaziland.

The government has acceded to the WTO TRIPS agreement. Implementation and enforcement are minimal due to the small number of patent disputes. The GKOS has not signed the WIPO Internet agreement.

Transparency of Regulatory System

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In 2008, a competition bill to de-monopolize parastatals was passed and the GKOS has started to implement the law, including appointment of a board and recruitment of a Chief Executive Officer. The unit will be governed by the public enterprise unit law. It is the government's stated policy to foster a free market economy, and the government's actions and decisions in individual matters have generally upheld that objective.

Swaziland does not have other laws that distort or impede investment; however bureaucratic procedures pose challenges for investors.

There are no informal regulatory processes.

Proposed laws and regulations are published in the government Gazette for public comment thirty days prior to a bill's presentation to Parliament. Ministries sometimes consult with selected members of the public and private sector.

While commercial bank accounting systems are generally transparent and consistent with international norms, legal and regulatory systems are more obscure and unpredictable.

There are no efforts to restrict foreign participation in industry standards-setting organizations.

Efficient Capital Markets and Portfolio Investment

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Efficient capital markets in Swaziland are in their infancy, yet policy -- or rather an under-presence of policy -- supports the relatively free flow of financial resources in the product and factor markets. The Kingdom's financial market is closely tied to that of South Africa and operates under conditions generally similar to the conditions of that market.

Commercial banks offer credit on market terms, but the rules of the Common Monetary Area forbid non-Swazis from raising domestic loan capital, although they can apply to the Central Bank for exception. This restriction has not greatly discouraged foreign capital flows into Swaziland in the past, but could increasingly sour the Swazi investment climate as regional competitors build investment regimes more attractive to foreign business.

At present, there is no effective regulatory system established to encourage portfolio investment, but to strengthen the regulation of such investment, government passed the Securities Act on December 17, 2010. The primary aim of this act is to facilitate and develop an orderly, fair and efficient capital market in the country. Swaziland has a small stock exchange with six companies currently trading two types of shares, equity shares and bonds.

The Central Bank supervises financial institutions, which include the First National Bank of Swaziland Limited, Nedbank, Standard Bank, Swazi Bank, Swaziland Building Society and the Blue Financial Services (Pty) Ltd. These are governed by the Financial Institutions Order of 1975. Total industry assets increased by 23 percent, from USD 1.07 billion (E8 billion) in December 2008 to USD 1.32 billion (E9.8 billion) in 2009 (ROE: USD 1/E7.45). Total net loans and advances increased by 12 percent from USD 671 million (E5 billion) in December 2008 to USD 751 million (E5.6 billion) in December 2009. The share of nonperforming loans at the end of December 2009 increased to 6.8 percent from 5.8 percent in December 2008.

"Cross share-holding" and "stable shareholder" arrangements do not exist in Swaziland. There have been no hostile takeovers by domestic or foreign interests. Since Swaziland's financial markets are just emerging, a variety of credit instruments have yet to be developed.

Competition from State Owned Enterprises

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Private enterprises and public enterprises operate in different investment climates. Public enterprises often are responsible for charging levies for supplies imported by private enterprise in which the public enterprise also competes. Examples of this occurrence include the milk, vegetable, and maize industries. A private enterprise that imports wheat and wheat products was given a monopoly.

Senior management of SOEs report to a board which in turn reports to the line minister. A senior member of the ministry sits on the board. SOEs are governed by the Public Enterprises Act which requires audits of the SOEs and public annual reports.

A sovereign wealth fund known as Tibiyo Taka Ngwane, which was created through royal charter, forms joint ventures with foreign investors. Tibiyo Taka Ngwane is held by the king in trust for the Swazi nation and is considered separate from government. It is run as a corporate social investment entity.

Corporate Social Responsibility

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Multinational enterprises in the country take their corporate social responsibility seriously, and consumers often recognize their efforts.

Political Violence

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In 2010 there were no major incidents involving political violence to commercial prospects or installations in Swaziland. Labor unrest contains political overtones due to restrictions on political parties. As Swazi society becomes increasingly politicized, civil disturbances have increased. Labor protests occur, resulting from a mix of political and economic reasons. May Day rallies sometimes resulted in clashes between the police and labor unions. The Industrial Relations Act provides that employees who are not engaged in "essential services" have the right to participate in peaceful protest action to promote their socioeconomic interests. The law details the steps to be followed when disputes arise and provides penalties for employers who conduct unauthorized lockouts.

In September 2008, political dissidents allegedly detonated a bomb prematurely under a highway bridge near the Lozitha royal residence and two people died at the scene. One survivor still awaits prosecution.

Corruption

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Corruption, including bribery, raises the costs and risks of doing business. Corruption has a corrosive impact on both market opportunities overseas for U.S. companies and the broader business climate. It also deters international investment, stifles economic growth and development, distorts prices, and undermines the rule of law.

It is important for U.S. companies, irrespective of their size, to assess the business climate in the relevant market in which they will be operating or investing, and to have an effective compliance program or measures to prevent and detect corruption, including foreign bribery. U.S. individuals and firms operating or investing in foreign markets should take the time to become familiar with the relevant anticorruption laws of both the foreign country and the United States in order to properly comply with them, and where appropriate, they should seek the advice of legal counsel.

The U.S. Government seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize their own companies' acts of corruption, including bribery of foreign public officials, by requiring them to uphold their obligations under relevant international conventions. A U. S. firm that believes a competitor is seeking to use bribery of a foreign public official to secure a contract should bring this to the attention of appropriate U.S. agencies, as noted below.

U.S. Foreign Corrupt Practices Act: In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which makes it unlawful for a U.S. person, and certain foreign issuers of securities, to make a corrupt payment to foreign public officials for the purpose of obtaining or retaining business for or with, or directing business to, any

person. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States. For more detailed information on the FCPA, see the FCPA Lay-Person's Guide at:
<http://www.justice.gov/criminal/fraud/>

Other Instruments: It is U.S. Government policy to promote good governance, including host country implementation and enforcement of anti-corruption laws and policies pursuant to their obligations under international agreements. Since enactment of the FCPA, the United States has been instrumental to the expansion of the international framework to fight corruption. Several significant components of this framework are the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Antibribery Convention), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption (OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements. This country is party to [add instrument to which this country is party], but generally all countries prohibit the bribery and solicitation of their public officials.

OECD Antibribery Convention: The OECD Antibribery Convention entered into force in February 1999. As of December 2009, there are 38 parties to the Convention including the United States (see <http://www.oecd.org/dataoecd/59/13/40272933.pdf>). Major exporters China, India, and Russia are not parties, although the U.S. Government strongly endorses their eventual accession to the Convention. The Convention obligates the Parties to criminalize bribery of foreign public officials in the conduct of international business. The United States meets its international obligations under the OECD Antibribery Convention through the U.S. FCPA. [Insert information as to whether your country is a party to the OECD Convention.]

UN Convention: The UN Anticorruption Convention entered into force on December 14, 2005, and there are 143 parties to it as of December 2009 (see <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>). The UN Convention is the first global comprehensive international anticorruption agreement. The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption. The UN Convention goes beyond previous anticorruption instruments, covering a broad range of issues ranging from basic forms of corruption such as bribery and solicitation, embezzlement, trading in influence to the concealment and laundering of the proceeds of corruption. The Convention contains transnational business bribery provisions that are functionally similar to those in the OECD Antibribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery. [Insert information as to whether your country is a party to the UN Convention.]

OAS Convention: In 1996, the Member States of the Organization of American States (OAS) adopted the first international anticorruption legal instrument, the Inter-American Convention against Corruption (OAS Convention), which entered into force in March 1997. The OAS Convention, among other things, establishes a set of preventive measures against corruption, provides for the criminalization of certain acts of corruption, including transnational bribery and illicit enrichment, and contains a series of provisions to strengthen the cooperation between its States Parties in areas such as mutual legal assistance and technical cooperation. As of December 2009, the OAS

Convention has 33 parties (see <http://www.oas.org/juridico/english/Sigs/b-58.html>) [Insert information as to whether your country is a party to the OAS Convention.]

Council of Europe Criminal Law and Civil Law Conventions: Many European countries are parties to either the Council of Europe (CoE) Criminal Law Convention on Corruption, the Civil Law Convention, or both. The Criminal Law Convention requires criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and account offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on compensation for damage relating to corrupt acts, whistleblower protection, and validity of contracts, inter alia. The Group of States against Corruption (GRECO) was established in 1999 by the CoE to monitor compliance with these and related anti-corruption standards. Currently, GRECO comprises 46 member States (45 European countries and the United States). As of December 2009, the Criminal Law Convention has 42 parties and the Civil Law Convention has 34 (see www.coe.int/greco.) [Insert information as to whether your country is a party to the Council of Europe Conventions.]

Free Trade Agreements: While it is U.S. Government policy to include anticorruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. The most recent FTAs negotiated now require trading partners to criminalize “active bribery” of public officials (offering bribes to any public official must be made a criminal offense, both domestically and trans-nationally) as well as domestic “passive bribery” (solicitation of a bribe by a domestic official). All U.S. FTAs may be found at the U.S. Trade Representative Website: <http://www.ustr.gov/trade-agreements/free-trade-agreements>. [Insert information as to whether your country has an FTA with the United States: Country [X] has a free trade agreement (FTA) in place with the United States, the [name of FTA], which came into force. Consult USTR Website for date: <http://www.ustr.gov/trade-agreements/free-trade-agreements>.]

Local Laws: U.S. firms should familiarize themselves with local anticorruption laws, and, where appropriate, seek legal counsel. While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department’s U.S. and Foreign Commercial Service can provide assistance with navigating the host country’s legal system and obtaining a list of local legal counsel.

Assistance for U.S. Businesses: The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, the U.S. and Foreign Commercial Service can provide services that may assist U.S. companies in conducting their due diligence as part of the company’s overarching compliance program when choosing business partners or agents overseas. The U.S. Foreign and Commercial Service can be reached directly through its offices in every major U.S. and foreign city, or through its Website at www.trade.gov/cs.

The Departments of Commerce and State provide worldwide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department’s Advocacy Center and State’s Office of Commercial and Business Affairs. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. Government officials, including local

embassy personnel and through the Department of Commerce Trade Compliance Center “Report A Trade Barrier” Website at tcc.export.gov/Report_a_Barrier/index.asp.

Guidance on the U.S. FCPA: The Department of Justice’s (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals to request a statement of the Justice Department’s present enforcement intentions under the anti-bribery provisions of the FCPA regarding any proposed business conduct. The details of the opinion procedure are available on DOJ’s Fraud Section Website at www.justice.gov/criminal/fraud/fcpa. Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general guidance to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the Office of the Chief Counsel for International Counsel, U.S. Department of Commerce, Website, at http://www.oqc.doc.gov/trans_anti_bribery.html. More general information on the FCPA is available at the Websites listed below.

Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and prohibit their officials from soliciting bribes under domestic laws. Most countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to various international conventions discussed above.

Public sector corruption, including bribery for public officials remains a major challenge for U.S. firms operating in Swaziland.

In 2007, the Prevention of Corruption law came into effect and established an Anti-Corruption Commission. In his 2010 medium term budget policy, the Minister of Finance stated that corruption continued to be a major economic setback and additional resources were set aside for the Commission. An Industrial Court Judge and a business man were charged with corruption in 2010 but the case has not come before the courts. The Prime Minister continues to promise to fight corruption but without any significant results.

Swaziland is a signatory to the UN Anti-Corruption Convention, African Union Convention on Preventing and Combating Corruption and Related Offences, and the SADC Protocol against Corruption. It has not ratified the UN Anti-Corruption Convention. Swaziland is not a signatory to the OECD Convention on Combating Bribery.

Foreign and domestic businesses have indicated that corruption and bribery requests impact profits, contracts and investment decisions for their companies.

Corruption is particularly prevalent in government procurement. Giving or receiving a bribe is illegal. A convicted person faces a maximum of a 100,000 emalageni (USD13,423) fine or ten years imprisonment. A convicted law enforcement officer or public prosecutor faces a maximum fine of 200,000 emalageni (USD 26,845) or twenty years in prison.

Anti-Corruption Resources

Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

- Information about the U.S. Foreign Corrupt Practices Act (FCPA), including a “Lay-Person’s Guide to the FCPA” is available at the U.S. Department of Justice’s Website at: <http://www.justice.gov/criminal/fraud/fcpa>.
- Information about the OECD Antibribery Convention including links to national implementing legislation and country monitoring reports is available at: http://www.oecd.org/departement/0,3355,en_2649_34859_1_1_1_1_1,00.html. See also new Antibribery Recommendation and Good Practice Guidance Annex for companies: <http://www.oecd.org/dataoecd/11/40/44176910.pdf>
- General information about anticorruption initiatives, such as the OECD Convention and the FCPA, including translations of the statute into several languages, is available at the Department of Commerce Office of the Chief Counsel for International Commerce Website: http://www.ogc.doc.gov/trans_anti_bribery.html.
- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in 180 countries and territories around the world. The CPI is available at: http://www.transparency.org/policy_research/surveys_indices/cpi/2009. TI also publishes an annual *Global Corruption Report* which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents and an overview of the latest research findings on anti-corruption diagnostics and tools. See <http://www.transparency.org/publications/gcr>.
- The World Bank Institute publishes Worldwide Governance Indicators (WGI). These indicators assess six dimensions of governance in 212 countries, including Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. See http://info.worldbank.org/governance/wgi/sc_country.asp. The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: <http://go.worldbank.org/RQQXYJ6210>.
- The World Economic Forum publishes the *Global Enabling Trade Report*, which presents the rankings of the Enabling Trade Index, and includes an assessment of the transparency of border administration (focused on bribe payments and corruption) and a separate segment on corruption and the regulatory environment. See <http://www.weforum.org/en/initiatives/gcp/GlobalEnablingTradeReport/index.htm>.
- Additional country information related to corruption can be found in the U.S. State Department’s annual *Human Rights Report* available at <http://www.state.gov/g/drl/rls/hrrpt/>.
- Global Integrity, a nonprofit organization, publishes its annual *Global Integrity Report*, which provides indicators for 92 countries with respect to governance and

anti-corruption. The report highlights the strengths and weaknesses of national level anti-corruption systems. The report is available at:
<http://report.globalintegrity.org/>.

Bilateral Investment Agreements

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Swaziland has investment agreements with Great Britain, Germany, and the European Union (EU). The Cotonou Agreement between the EU and the African, Caribbean and Pacific (ACP) countries expired on December 31, 2007. Swaziland has signed an interim Economic Partnership Agreement (EPA) with the EU. In 2008, SACU and the U.S. signed a Trade, Investment, and Development Cooperative Agreement.

Swaziland has bilateral investment protection agreements with Egypt, Germany, Taiwan, Mauritius, and the United Kingdom.

Swaziland does not have a bilateral agreement with the U.S. Swaziland's tax policy is relatively straightforward and there are no issues of concern.

OPIC and Other Investment Insurance Programs

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The Overseas Private Investment Corporation (OPIC), the U.S. Trade and Development Guarantee Agency, and the Multilateral International Guarantee Agency have been active in Swaziland and are sources for export financing and insurance. Blue Financial Services, a South African based finance services provider, opened in Swaziland in 2008. It announced that it plans to use USD 10 million (E74.5 million) of a USD 70 Million (E521.5 million) OPIC loan in Swaziland.

In 2010, the Embassy used approximately USD 7,243,289.70 (E53,962,508.27) in local currency. The average exchange rate in 2010 was 7.45 emalangeni for one U.S. dollar. The Embassy purchases local currency at the official exchange rate. In 2010 the lilangeni (the singular form for the emalangeni) appreciated by 1.60 percent compared with the depreciation of 0.92 percent the previous year.

Labor

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High HIV/AIDS prevalence rates, estimated at 26 percent of the populace, have impacted economic growth in Swaziland, and companies need to take illness among its employees into account when making management decisions. There is a high level of domestic underemployment and a severe shortage of technically skilled labor, resulting in a heavy reliance on expatriate technicians, accountants, and engineers.

Swaziland adheres to the International Labor Organization (ILO) conventions protecting workers' rights. Labor-management relations are generally amicable; strikes throughout the year did occur, but fewer compared to previous years. According to the Industrial Relations Act, workers can engage in a strike action if there is an unresolved dispute. The party that intends to go on strike needs to give notice to the employer, Labor Commissioner, and the Conciliation, Mediation and Arbitration Commission. Within

seven days CMAC should arrange and supervise a secret ballot to determine whether the majority of employees are in favor of the strike action

Foreign-Trade Zones/Free Ports

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Swaziland does not have any free trade zones, but supports four industrial areas. The largest is in Matsapha, located between the primary cities of Mbabane and Manzini. It has direct rail and road links. The Matsapha Industrial Estates dry port maximizes time and cost savings for importers and exporters using the ports of Durban and Port Richard's Bay, South Africa and Maputo, Mozambique.

Foreign Direct Investment Statistics

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The Central Bank tracks foreign direct investment (FDI) by type and sector. Preliminary data indicate 18 percent increase in the overall stock of FDI into Swaziland, rising to USD 801 million in 2009. This is due to significant improvement in FDI inflows to the services, finance and manufacturing sectors. Reinvested earnings recorded a 19.4 percent increase from USD 309 million in 2008 to USD 369 million in 2009. The rise in re-invested earnings into the country was due to company expansions and upgrades conducted in 2009. The opening up of the insurance industry in the country resulted in sizeable capital inflows from the region, mainly South Africa. This boosted FDI inflows to the insurance services industry which in turn impacted on the services industry. The stock of FDI in the manufacturing sector posted 12.7 percent growth of USD 355.44 million in 2008 to USD 406.04 million.

Total Foreign Direct Investment into Swaziland:
By Type, 2005 – 2009

(USD Million)

	2005	2006	2007	2008 (revised)	2009 (preliminary)
Equity	97.26	102.95	107.77	76.17	77.49
Reinvested Earnings	355.34	421.01	482.82	309.05	368.91
Long-term Capital	114.15	126.95	129.56	227.42	266.78
Short-term Capital	100.67	126.52	92.74	68.33	64.20
TOTAL FDI	667.44	777.44	812.89	676.85	801.37
Change in Total FDI (%)	-5.5	16.5	4.6	16.7	18.4
Earnings (%)	-5.5	14.2	-7.4	11.4	17.6
Average Inflation (%)	4.8	5.3	8.1	12.6	7.5

Source: Central Bank of Swaziland

ROE: USD1/E7.45

Total Foreign Direct Investment into Swaziland:

By Sector, 2005 – 2009: Change in percentages

(USD Million)

	2005		2006		2007	
	Stock	Change	Stock	Change	Stock	Change
Manufacturing	417.62	-9.6%	449.85	7.7%	454.68	1.1%
Services	45.26	-29.3%	98.24	117.1%	125.50	27.7%
Investment	16.66	-31.3%	23.93	43.7%	38.17	39.3%
Agriculture	130.30	36.8%	141.17	8.3%	131.54	6.8%
Finance	47.18	21.0%	50.11	6.2%	57.38	14.50%
Mining	10.40	-53.5%	10.40	0.0%	10.40	0.0%
TOTAL	667.42		773.70		812.86	

	2008 (revised)		2009 (preliminary)			
	Stock	Change	Stock	Change		
Manufacturing	360.27	-20.8%	406.11	12.7%		
Services	88.94	-29.1%	121.54	36.7%		
Investment	32.16	-3.5%	34.19	6.3%		
Agriculture	96.64	-26.5%	116.08	20.1%		
Finance	98.16	71.1%	124.23	26.6%		
Mining	0.67	-93.5%	-.78	-216.0%		
TOTAL	676.85		801.37			

Source: Central Bank of Swaziland

ROE: USD1/E7.45

Generally, there is no policy of encouraging Swazis or Swazi business to invest abroad, but a handful of Swazi businesses invest abroad, primarily in South Africa.

Web Resources

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Central Bank of Swaziland – <http://www.centralbank.org.sz>

Swaziland Investment Promotion Authority – <http://www.sipa.org.sz>

African Alliance Swaziland Securities Limited – <http://www.africanalliance.com>

AGOA: <http://www.agoa.gov>

Government of Kingdom of Swaziland: <http://www.gov.sz>

USAID Southern Africa Trade Hub: <http://www.satradehub.org>

African Development Bank Group: www.afdb.org

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

Export-Import Bank of the United States: <http://www.exim.gov>

Overseas Private Investment Corporation: <http://www.opic.gov>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

Southern Africa Global Competitiveness Hub: <http://www.satradehub.org>

Swaziland Industrial Development Company: <http://www.sidc.co.sz>

Tibiyo Taka Nwane: <http://ww2.tibiyo.com>

Trade and Development Agency: <http://www.tda.gov>

U.S. Agency for International Development: <http://www.usaid.gov>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/ccc/default.htm>

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Chapter 7: Trade and Project Financing

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- [How Does the Banking System Operate](#)
- [Foreign-Exchange Controls](#)
- [U.S. Banks and Local Correspondent Banks](#)
- [Project Financing](#)
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How Do I Get Paid (Methods of Payment)

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Swaziland importers utilize most of the standard payment methods available in international commerce. The most commonly used are:

- Cash in Advance
- Letters of Credit (LC),
- Bank Collections and Bills of Exchange
- Open Account
- Sales on Consignment
- International Money Transfers

American exporters should offer quotations based on the f.o.b. value at the port of export. As a general rule, such quotations should also include a statement of the actual charges for freight and insurance, plus any additional charges, to the port of delivery. Quotations are usually in terms of the currency of the country of origin. The terms of payment for imported goods vary according to the type of buyer and the buyer's access to capital.

How Does the Banking System Operate

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The Central Bank of Swaziland is the monetary authority responsible for management of the country's foreign exchange reserves, administration of exchange controls, and regulation of financial institutions.

There are four commercial banks operating in Swaziland: First National Bank of Swaziland, NedBank, SwaziBank, and Standard Bank. The government-owned Swaziland Development and Savings Bank went bankrupt due to millions of dollars of unpaid loans in June 1995 and is now operating, although the Swaziland Government in its 2010/2011 Fiscal Adjustment Roadmap listed the bank as one of the institutions that will be privatized.

Each of the operating banks has at least two branches. Normal banking facilities are provided at all four banks, and interest rates on borrowing are below those in South Africa.

The prime rate is 9.0 percent and the mortgage rate is 7.0 percent (January 2011).

Through Swaziland's membership in the Common Monetary Area, after-tax profits can be repatriated anywhere the investor chooses. The corporate tax rate is 30 percent, and new businesses can apply for a 10-year rate of 10 percent. Dividends, subject to a withholding tax of 15 percent, are likewise freely remitted. There are no exchange regulations affecting transactions within the CMA.

Export financing is available through the Export-Import Bank but must be applied for by a Swazi partner. There are no Export-Import Bank bundling facilities in Swaziland. Project financing is available through such multilateral institutions as the World Bank and African Development Bank. In the past, resources have gone largely to infrastructure development, including roads and irrigation systems.

Foreign-Exchange Controls

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Exchange controls are currently administered by the Central Bank Exchange Control Department. All international commercial transactions must be through authorized foreign exchange dealers.

U.S. Banks and Local Correspondent Banks

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Banks with correspondent U.S. banking arrangements are:

- First National Bank of Swaziland Limited
- Nedbank
- Standard Bank

Project Financing

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Sources of Project Financing in Swaziland

Swaziland Industrial Development Company (SIDC)

SIDC is prepared to take up shares, thereby providing equity finance where required.

SIDC also offers medium- to long-term loans and leases factory space. SIDC will only participate in projects that are technically feasible, financially viable, and soundly managed. SIDC gives priority to projects which provide permanent employment, generate foreign exchange, and improve Swaziland's human capacity.

Swaziland Investment Development Company

P.O. Box 866

Mbabane

Tel: (+268) 404-4010/2

Fax: (+268) 404-5619

<http://www.sidc.co.sz>

Tibiyo Taka Ngwane

Tibiyo Taka Ngwane conducts free enterprise business on behalf of the Swazi Nation

with the King serving as Trustee. Tibiyo has a portfolio of nearly 30 interests in sectors including mining, manufacturing, property, finance, agriculture, tourism, and transport.

Tibiyo frequently works in partnership with major companies and international development agencies.

Tibiyo Taka Ngwane
P.O. Box 181
Kwaluseni
Tel: (+268) 518-4390
Fax: (+268) 518-4399
<http://www.tibiyo.com>

Web Resources

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Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

African Development Bank: <http://www.afdb.org>

Southern Africa Global Competitiveness Hub: <http://www.satradehub.org>

Swaziland Industrial Development Company: <http://www.sidc.co.sz>

Tibiyo Taka Ngwane: <http://ww2.tibiyo.com>

Small Business Development in Swaziland

For a comprehensive listing of organizations in Swaziland that support small and medium business development, please refer to the OPIC/U.S. Department of Commerce publication entitled Africa, "A Guide to Business Finance for U.S. Firms." <http://permanent.access.gpo.gov/lps15194/sb-guide.pdf>

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Business Customs

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Foreigners still largely dominate the Swazi business sector and the Swazi business community has experience with foreign businesspeople. Nevertheless, a familiarity with some Swazi social and cultural customs would be helpful to any American planning on doing business in the country.

- Although Swazi society appears open to outsiders, it is only so on a superficial level. Developing strong institutional and personal relations is possible in Swaziland but takes time. Newcomers are advised to appreciate what is and what is not considered the "Swazi way."
- Historically, there is little indigenous entrepreneurship. Swazis are accustomed to working for wages, not starting their own businesses. There is only a fledgling Swazi entrepreneurial community.
- Swazis tend to be more relaxed and easy-going in business style, both in behavior and ethics. Business is built less around principles and the honor of a person's word than on the basis of what works at the time. This can be disconcerting to some Americans.
- Quality customer service is not widely practiced. According to a Swazi businessman trained in the United States, customer service is a new idea to many Swazis and something that must be taught.
- Decision-making is not always a quick or easy process. Some Swazis may say "yes" merely out of politeness. Traditionally, decisions are made communally, not individually. Standing against the majority is not easy. Americans should be conscious of this and not expect rapid decisions.

- Swazis tend not to be confrontational and at times not forthcoming with opinions. Speaking one's mind, even when solicited, is not as respected as it is in the United States. This can clash with the American tendency to be very direct.
- In making business deals with Swazi partners, bargaining is common and expected. It is not an insult to try and talk somebody down in price.
- Foreign business people have noted that native Swazis can have a difficult time assuming managerial roles. One factor that impinges on their decision-making freedom is reluctance to fire workers or employees connected to the royal family.

Travel Advisory

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Please view the Consular Information Sheet for Swaziland:

http://travel.state.gov/travel/cis_pa_tw/cis/cis_1031.html

Visa Requirements

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A passport is required. U.S. citizens do not need a visa for short visits of up to 60 days for tourism and business. Permission-to-stay is initially granted for 30 days and can be renewed for a total of 60 days. For further information on visa requirements, contact the Embassy of the Kingdom of Swaziland, 1712 New Hampshire Avenue, NW, Washington, DC 20009, phone (202) 234-5002.

U.S. companies that require travel of foreign businesspersons to the United States should be advised that security evaluations are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/>

United States Visas.gov <http://evisaforms.state.gov/SchedulingSystem.asp>

Consular services for American Citizens: <http://swaziland.usembassy.gov>

Telecommunications

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Direct dialing is available to many countries, including the U.S. Cellular services are provided by one cellular provider.

Several internet service providers are available and there are several Internet cafes along the Mbabane-Manzini corridor.

Swaziland telecommunications costs, including ADSL, remain one of the highest in the world.

Transportation

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Flights from Matsapha Airport, near Manzini, link Swaziland with Johannesburg, Maputo, and Durban. Flights use small propeller planes and are fairly reliable. Good roads link Swaziland to South Africa and Mozambique.

Owning a private car is essential in Swaziland, as public transportation is not reliable or safe. Taxis and buses run in the major towns, but it is not advisable to use them. Paved roads link the main centers, but most side roads are unpaved, dusty, and uneven during the dry season and slippery during the rainy season.

Motor vehicle registration is simple, provided the car is in good working condition. All cars require a road worthiness certificate issued by the Ministry of Public Works and Transportation.

Unleaded gasoline is available but the octane rating is not as high as in the U.S. Third-party insurance is covered by a levy included in the gasoline price.

Language

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English and siSwati are the official languages, and English is the official written language. Businesspeople will have little trouble being understood by educated Swazis.

Health

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Medical facilities are limited throughout Swaziland. Although the Mbabane Clinic in the capital is small, it is well equipped and well staffed for minor procedures. For advanced care, Americans often choose to go to South Africa where better facilities and specialists exist. Most prescription drugs are available locally or can be imported from South Africa, but travelers are advised to bring sufficient quantities of their own required medication. A doctor's note describing the medication may be helpful if questioned by authorities.

Malaria prophylactics are recommended for travel to the lowlands of Swaziland.

Hepatitis A and Hepatitis B vaccinations are recommended. Rabies exists in all areas of Swaziland, including Mbabane. Those people who wish to walk or jog are advised to be vaccinated with HDCV.

Per capita, Swaziland has more HIV-infected persons than any other country in the world. All of the usual precautions must be taken to avoid this easily prevented infection. In the highly unlikely case of sexual assault, it is recommended that the victim take postexposure prophylactics as soon as feasible, and certainly within 48 hours.

Information on vaccinations and other health precautions, such as safe food and water precautions and insect bite protection, may be obtained from the Centers for Disease Control and Prevention's hotline for international travelers at 1-877-FYI-TRIP (1-877-394-8747); fax 1-888-CDC-FAXX (1-888-232-3299), or via the CDC's Internet site at <http://www.cdc.gov/travel>.

Local Time, Business Hours, and Holidays

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New Year's Day, Jan. 1

Good Friday, Mar./Apr. (TBA)
Easter Monday, Mar./Apr. (TBA)
King's Birthday, Apr. 19
National Flag Day, Apr. 25
National Worker's Day, May 1
Ascension Day, May (TBA)
Public Holiday, July 22 (birthday of King Sobhuza II)
Umhlanga (Reed Dance), Aug./Sept. (TBA)
Somhlolo (Independence Day), Sept. 6
Christmas Day, Dec. 25
Boxing Day Dec. 26
Incwala, Dec./Jan. (TBA)

Swazi holidays falling on a Sunday are observed on the following Monday. Holidays falling on a Saturday are observed on that day, unless the government makes an announcement to the contrary.

Work Week: Monday-Friday, 8 a.m.- 5 p.m.

Temporary Entry of Materials and Personal Belongings

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Travelers must declare all goods in their possession with the exception of personal clothing, essential toilet articles and used sporting equipment. In order to be free from declaration, these goods must be for the passenger's personal use and not intended as gifts or to be sold, exchanged, or traded. All articles, used or unused, carried by the visitor as presents or parcels for other persons, must be declared. There are no restrictions on the amount of Dollars that may be taken into Swaziland but documentation on the source of the money must be presented to the Customs officials.

U.S. Dollars cannot be used in Swaziland and must be converted into Emalangeni or South African Rand, which is at par with the local currency. Conversion must be done by an authorized foreign exchange dealer i.e. commercial banks.

If a visitor wishes to sell his/her vehicle during his/her stay or upon departure, he/she must first obtain an import permit and pay the relevant duty.

Web Resources

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Swaziland Tourism Authority
<http://www.welcometoswaziland.com>

Central Bank of Swaziland
<http://www.centralbank.org.sz>

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Chapter 9: Contacts, Market Research and Trade Events

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- [Trade Events](#)

Contacts

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Swaziland Business Year Book 2005
P.O. Box 592
Mbabane H100, Swaziland
Tel.: (268) 2404-3400
Fax: (268) 2404-3400
E-mail: cft@realnet.co.sz
<http://www.swazibusiness.com/sbyb/>

International Trade Department
Trade Promotion Unit
Ministry of Foreign Affairs and Trade
P. Box 418 Mbabane
Tel.: (268) 2404-5180
Fax: (268) 2404-3833
Mob: (268) 617-2961
E-mail: itd@realnet.co.sz

Swaziland Investment Promotion Agency: <http://www.sipa.org.sz/>

Tibiyo Taka Ngwane: <http://ww2.tibiyo.com>

Swaziland Industrial Development Company: <http://www.sidc.co.sz>

Federation of Swaziland Employers and Chamber of Commerce
Emafini Business Centre
Malagwane Hill
P.O. Box 72
Mbabane H100, Swaziland
Tel.: (268) 2409-0768/4408
Mob: (268) 7603-8545/(268) 7605-7950
Fax: (268) 2409-0051
E-mail: zodwa@business-swaziland.com
<http://www.business-swaziland.com/chamber/html/scci.html>

Hotels and Tourism Association
Mbabane, Swaziland
Tel.: (268) 2404-2218
Mob: (268) 7604-1529

E-mail: aliand@realnet.co.sz

Swaziland Handicraft Association
Tel.: (268) 7614-9097

Swaziland Association of Architects, Engineers, and Surveyors
P.O. Box A387, Swazi Plaza
Tel.: (268) 2404-2309
Fax: (268) 2404-2309
E-mail: ribar@africaonline.co.sz

The Building Contractors Association
P.O. Box 518
Mbabane H100, Swaziland
Tel.: (268) 2404-0071
Fax: (268) 2404-4258
E-mail: soconswad@realnet.co.sz

Market Research

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To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/mrktresearch/index.asp> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, and is free.

Trade Events

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Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents/index.asp>

<http://buyusa.gov/southafrica/en/332.html>

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Chapter 10: Guide to Our Services

The President's National Export Initiative aims to double exports over five years by marshaling federal agencies to **prepare U.S. companies to export successfully, connect them with trade opportunities** and **support them once they do have exporting opportunities**.

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers
- Gain access to the full range of U.S. Government trade promotion agencies and their services, including export training and potential trade financing sources

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: www.export.gov

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please click on the following link: (Insert link to Products and Services section of local buyusa.gov website here.)

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRAD(E)**.

We value your feedback on the format and contents of this report. Please send your comments and recommendations to: Market_Research_Feedback@trade.gov

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.

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